



**** Please note: This is a copy of the rates communication that was provided to agencies on 07/13/07. In Attachments 2 and 3 of the original memo, each agency received financial information specific to them. Those fields are blank in this copy. ****

MEMORANDUM

TO: State Department Directors & Elected Officials
State Department Financial Managers
State Chief Information Officers
Iowa Department of Management Budget Analysts

FROM: Mollie Anderson

DATE: July 13, 2007

RE: **DAS FY2009 Utility Rates – Provide Comment by July 31, 2007**

FOR: Agency # – Agency Name

The four DAS Customer Councils have approved proposed utility rates for Fiscal Year 2009. This communication is to notify you of the rates that have been tentatively set, provide some background information, and open the approximately 2-week comment period on these proposed rates.

DAS would like to extend a special thanks and appreciation to Bill Snyder, HRE Customer Council Chair, Charlie Smithson, GSE Customer Council Chair, Greg Wright, ITE Customer Council Chair and Roger Stirler, I/3 Customer Council Chair – as well as all Customer Council members – for their leadership and customer advocacy during the rate-setting process for FY 2009.

Summary

Utility rates for FY09 are proposed to remain largely unchanged from FY08. There are 24 utility services provided by DAS. Of those, six are allocations or the fleet depreciation fee, which are not billed as flat rates. Of the remaining 18 utility services that are billed as a rate, 13 are proposed to remain the same and four will see a decrease. The final rate, which is for the Information Security Office (ISO), has yet to be determined. The final ISO rate will depend on the number of optional participants who choose to take advantage of this service. (The rate quoted in this communication reflects an increase, but is based on figures if *only* required participants take part in FY09. We expect at least some of the “optional participants” to sign up, as they have in the past, which will decrease the rate for everyone.)

A description of each utility service can be found in the DAS service catalog at <https://eDAS.iowa.gov>. Please note that you may look up any service without logging in by entering your search words in the “Search Services” box on the eDAS home page.

Attachments

Included with this memo are three documents which contain DAS utility rate information that will assist you in the FY 2009 budgeting process. You will find that the corresponding footnotes are best viewed in “print layout” mode.

Attachments:

1. ***Proposed FY 2009 DAS Utility Rates*** – This is the list of rates and allocations developed and tentatively approved by the GSE, HRE, I/3 and ITE Customer Councils. This information is being presented for your review and begins a 2-week comment period during which DAS and the Customer Councils hope you will ask questions and offer feedback. At the conclusion of the comment period (**July 31, 2007**), each Customer Council will evaluate your comments and approve final utility rates during August. All rates will be finalized by September 1, 2007.
2. ***Agency-specific Comparison of Projected Expenses for DAS Utilities*** – This document will help you understand the impact of the FY 2009 DAS utility rates on your agency; it charts the differences between your agency’s estimated FY 2008 and FY 2009 DAS utility costs. (Please note that we cannot estimate your costs for those utility services that are based on optional usage or number of participants.)
3. ***Comparison of the FY08 and FY09 I/3 Utility Allocations*** – Here we provide a more detailed explanation of what the allocation amounts are for I/3 in FY08 and FY09, as well as information about the FY08 distribution (now a credit) to supplement your budget for I/3. This credit was provided for in the last legislative session.

Additionally, you may want to check out the finalized list of *all* DAS services for FY09, categorized by leadership, utility or marketplace. This list is for your information and reference only. It is available online at http://das.iowa.gov/images/pdf/services_category_FY07-FY09.pdf.

Summary of Rate Methodologies – by enterprise

- ***DAS-State Accounting Enterprise*** – I/3 is an allocation amount that is based on the cost of the system components and an agency’s annual revenues, expenditures and FTE’s to the total population. The allocation amount was determined by the I/3 Customer Council.
- ***DAS-Information Technology Enterprise*** – The ITE Directory Services and the Information Security Office (ISO) calculate annual rates based upon the 3rd quarter number of FTE’s ending March 2007. The listed ISO rate for FY08 is that which was communicated to customers last year: \$12.76. That rate was calculated with all eligible participants, including those not required to participate. The FY08 rate will increase if there is not 100% participation and some optional participants have not yet communicated their intentions to DAS. For FY09 it was decided to present the ISO rate calculated with only those customer agencies *required* to participate. Therefore if the number of participating agencies increases for FY09 (that is, if more than only those required to participate sign up), then the rate for all agencies will decrease. Any changes to the ISO rate(s) will be communicated to you.
- ***DAS-Human Resources Enterprise*** – Most HRE utility rates are calculated using the 5-quarter average of FTE’s ending March 2007. However, for billing purposes some HRE utility rates use the actual number of permanent full-time and part-time employees as of the previous month’s second pay period. The HRE flexible spending account administrative charge is based on the number of participating employees. The workers’ compensation premium is based on a five-year rolling average of claims experience. The information included in this communication reflects FY08 allocations only. FY09 estimated worker comp allocations will be sent to agencies in August after estimates are received from Deloitte Consulting.

- ***DAS-General Services Enterprise*** – The GSE Customer Council uses a number of different methodologies to calculate the various GSE utility rates. Some utilities are actual rates while others are considered allocations (calculated per agency). The Fleet Management and Risk Management fees use the number of active vehicles in an agency each month; therefore, actual billed rates and quantities will vary depending on agency usage. True-up files are used for the actual billing of Office Space, Ankeny Labs, Mail Services, and Seat of Government Leasing. Since we cannot project customer usage, we are unable to project budget impact for the Architectural & Engineering hourly fee (A&E – formerly known as Design & Construction) or the Outside Seat of Government Leasing hourly fee. If you use A&E to manage capital projects for your agency, you should plan for this added administrative cost in your capital budget. The methodology for purchasing was updated for FY09 to reflect agencies' actual usage of master contracts during FY06. Previous fees were based upon data from FY01, FY02 and FY03.

General Notes

- Please note that costs for marketplace services are not included in this communication. Customer Councils are responsible for setting **utility** rates only.
- As you know, four different DAS customer councils set DAS utility rates, each using a slightly different approach. Variances may result from simple rounding.
- Should any material changes occur in the rates following the 2-week comment period, DAS will communicate those changes to you.

Providing Comment – by July 31, 2007

You may communicate feedback or questions regarding these rates with DAS and the Customer Councils by clicking on the “[Submit a comment](#)” link shown on the home page of the DAS website under “News & Information” (<http://das.iowa.gov>), and also as shown below:

Fiscal Year 2009 utility rates presented to agencies for comment

TIME SENSITIVE Comment period ends July 31, 2007!

- [Review proposed FY09 utility rates](#)
- [Submit a comment](#)
- [View Q&A Log for proposed FY09 utility rates](#)

Your questions/comments will be forwarded to the appropriate DAS staff or Customer Council chair for follow-up. DAS will respond to the individual who submitted the question and post the question/comment and answer on the website, as shown above ([View Q&A Log for proposed FY09 utility rates](#)).

In addition, DAS management will meet with Department of Management (DOM) fiscal representatives to discuss the overall financial impact to state agencies. If you have questions about how to incorporate the FY09 utility rates into your budget request, please contact your DOM budget analyst.

You will find a copy of this memo and attachments on the DAS website: <http://das.iowa.gov>. More information about the Customer Councils – member lists, meeting schedules, past meeting agendas and minutes – is available online at http://das.iowa.gov/customer_councils/index.html. General information about DAS services and rates is available at http://das.iowa.gov/services_rates/index.html.

Thank you for taking the time to review this information and provide feedback.

PROPOSED FY 2009 DAS UTILITY RATES

July 13, 2007

DAS UTILITIES	BASIS FOR RATE CALCULATION	ANNUALIZED RATES ¹		
		FY09	FY08	+/-
State Accounting Enterprise (SAE)				
I/3 (Integrated Information for Iowa)	Annual allocation	N/A	N/A	-
Information Technology Enterprise (ITE)				
Directory Service	FT & PT Perm Employee-3rd Qtr FY2007	\$7.88	\$8.26	- \$0.38
Information Security Office (ISO) ²	FT & PT Perm Employee-3rd Qtr FY2007	\$16.58	\$12.76	+ \$3.82
Human Resources Enterprise (HRE)				
Benefits	FT & PT Perm Employee ³	\$34.80	\$34.80	-
Personnel Officers	FT & PT Perm Employee ³	\$71.28	\$71.28	-
Labor Relations	FT & PT Perm Employee ³	\$21.84	\$21.84	-
<i>Employment Services:</i>				
Merit Only	FT & PT Perm Employee ³	\$18.48	\$18.48	-
Merit and Non-Merit	FT & PT Perm Employee ³	\$58.92	\$58.92	-
Health Insurance Surcharge	Per participant	\$24.00	\$24.00	-
Golden Dome	Full-time Perm Employee ³	\$2.00	\$2.00	-
Unemployment	Annual allocation	N/A	N/A	
Flexible Spending	Per participant	\$51.12	\$51.12	-
Workers' Compensation	Annual allocation	N/A	N/A	
General Services Enterprise (GSE)				
<i>Association Fees:</i>				
Office & Storage Space (combined)	Per square foot	\$3.10	\$3.10	-
Ankeny Lab	Per square foot	\$5.26	\$5.26	-
Purchasing ⁴	Annual allocation	N/A	N/A	-
Mail Services	Annual allocation	N/A	N/A	-
Blanket Bond	FT & PT Perm Employee-3rd Qtr FY2007	\$2.13	\$2.14	- \$0.01
Fleet – Risk Management	Per active vehicle	\$288.00	\$288.00	-
Leasing, Fee at Seat of Govt.	Per square foot	\$0.10	\$0.1097	- \$0.0097
Fleet Management	Per active vehicle	\$161.76	\$176.76	- \$15.00
Fleet Depreciation ⁵	Per active vehicle	N/A	N/A	-
Design & Construction Services	Per hour	\$83.84/hr	\$83.84/hr	-
Leasing, Fee Outside Seat of Govt.	Per hour	\$61.90/hr	\$61.90/hr	-

N/A – This information is not available because the fee is an allocation calculated per agency, not a flat rate.

¹ Included with this communication is information projecting budget impact for each utility rate for your department (Attachment 2).

² The FY08 ISO rate (\$12.76) is the rate that was communicated to agencies in last year's rate communication. This rate was calculated with all customers (required and optional) participating. Participation of some agencies is still being finalized. If there is not 100% participation, the FY08 rate will increase. For FY09 it was decided to determine the rate taking into consideration only those agencies required to participate. If additional, optional customers decide to sign up for ISO services, this rate will decrease for all agencies.

³ 5-quarter average through 3rd Quarter of FY07 (ending 03/31/07).

⁴ Purchasing allocations are pro-rated based upon each agency's use of master contracts as of FY06.

⁵ Fleet depreciation rates and charges are billed contingent on vehicle type and purchase date.

**Comparison of FY08 and FY09 Projected Expenses for DAS Utilities
July 13, 2007**

AGENCY:					
DAS UTILITIES	FY08 RATE (ANNUALIZED)	ANNUAL FY08 PROJECTION	FY09 PROPOSED RATE (ANNUALIZED)	ANNUAL FY09 PROJECTION	FY09 – FY08 ANNUAL CHANGE
State Accounting Enterprise (SAE)					
I/3 (net amounts shown – see Attachment 3)	N/A		N/A		
Information Technology Enterprise (ITE)					
Directory Service	\$8.26/FTE		\$7.88/FTE		
Information Security Office (ISO)	\$12.76/FTE		\$16.58/FTE		
Human Resources Enterprise (HRE)					
Benefits	\$34.80/FTE		\$34.80/FTE		
Personnel Officers	\$71.28/FTE		\$71.28/FTE		
Labor Relations	\$21.84/FTE		\$21.84/FTE		
Merit Only Employment Services	\$18.48/FTE		\$18.48/FTE		
Merit and Non-Merit Employment Services	\$58.92/FTE		\$58.92/FTE		
Health Insurance Surcharge	\$24.00/participant	N/A	\$24.00/participant	N/A	N/A
Golden Dome	\$2.00/FTE		\$2.00/FTE		
Unemployment	\$1.25/head count		\$1.25/ head count		
Flexible Spending	\$51.12/participant	N/A	\$51.12/participant	N/A	N/A
Workers' Compensation	N/A		N/A		
General Services Enterprise (GSE)					
Office & Storage Space	\$3.10/sq ft		\$3.10/sq ft		
Ankeny Lab	\$5.26/sq ft		\$5.26/sq ft		
Purchasing	N/A		N/A		
Mail Administration	N/A		N/A		
Blanket Bond	\$2.14/FTE		\$2.13/FTE		
Fleet - Risk Management	\$288.00/vehicle		\$288.00/vehicle		
Leasing, Fee at Seat of Govt.	\$0.1097/sq ft		\$0.10/sq ft		
Fleet Management	\$176.76/vehicle		\$161.76/vehicle		
Architectural & Engineering Services	\$83.84/hr	N/A	\$83.84/hr	N/A	N/A
Leasing, Fee Outside Seat of Govt.	\$61.90/hr	N/A	\$61.90/hr	N/A	N/A
TOTAL DIFFERENCE (FY09 from FY08) – <i>(Does not include participant-based charges: Health Insurance, Flex Spending, A&E Services, OSOG Leasing fee)</i>					

Comparison of FY08 and FY09 I/3 Utility Allocations July 13, 2007

AGENCY:

As the I/3 system transitioned from the development stage into the current operating system we have in place today, there have been additional funding sources – besides the DAS utility fee/allocation amount charged to customers – available to offset the on-going operational costs associated with maintaining the I/3 financial system. Funding the \$4.5 million total costs of operating the I/3 system in FY09 will require an additional \$2.0 million over the FY08 billings. Instead of requiring agencies to seek this additional funding individually, the Department of Management has recommended that DAS submit a department request for the additional \$2.0 million in FY09 to be distributed to agencies, as has been done in the past with other DAS fees. Under this scenario, the I/3 Customer Council passed rates for FY09 at the FY08 levels, with the acknowledgement that the additional \$2.0 million would be requested by DAS to be distributed to state agencies and included in their FY09 billings. For FY09 budgeting purposes, agencies should build into their budget the net annual allocation for I/3, found in Column G below.

Please note that for FY2010, DAS does not anticipate there will be any more carry-forward funds available to supplement the costs for I/3. Therefore, for the first time, rates charged to the customers will reflect the full cost of the I/3 system.

Here is a complete key to the columns below:

Column A – The total FY08 charge/allocation to your agency for I/3.

Column B – The amount DAS & DOM proposed (in last year's rate communication) your agency receive in a supplemental distribution for FY08 to cover the increased user costs for I/3 from FY07 to FY08. A total of a \$2.3 million distribution was requested. The legislature approved an appropriation of \$2 million to DAS from the Rebuild Iowa Infrastructure Fund to credit to agencies to reduce I/3 costs. However, because some agencies received funding for I/3 outside of this appropriation they will not be included in the disbursement of the \$2-million appropriation.

Column C – The amount your agency is scheduled to actually receive in FY08 as a credit on your eDAS bill (spread out over 12 monthly installments). This credit is your agency's portion of the \$2 million appropriated by the legislature to offset the increase in cost for I/3 from FY07 to FY08.

Column D – The amount for I/3 your agency will be responsible for out of your operating budget in FY08. (The total allocation for your agency minus the credit amount you are scheduled to receive.)

Column E – The total FY09 charge/allocation to your agency for I/3.

Column F – The amount your agency is projected to receive as a supplemental distribution if the \$2-million appropriation request is approved for FY09.

Column G – The projected amount for I/3 your agency will be responsible for out of your operating budget in FY09. (The total allocation for your agency minus the projected distribution.)

Column H – The net change your agency will see from FY08 to FY09 for I/3 to be paid from your operating budget.

	FISCAL YEAR 2008				FISCAL YEAR 2009			
	A	B	C	D	E	F	G	H
	ANNUAL FY08 PROJECTION	FY08 PROJECTED SUPPLEMENTAL DISTRIBUTION (originally communicated in June 2006)	FY08 <u>ACTUAL</u> SUPPLEMENTAL CREDIT (ANNUALIZED)	NET ANNUAL ALLOCATION FOR FY08 (A - C = D)	ANNUAL FY09 PROJECTION	FY09 PROJECTED SUPPLEMENTAL DISTRIBUTION	NET ANNUAL ALLOCATION FOR FY09 (E - F = G)	FY09 – FY08 CHANGE (NET) (G - D = H)
I/3								